

CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

Office of General Counsel

4 September 1987

Honorable William F. Weld  
Assistant Attorney General  
Criminal Division  
Department of Justice  
Washington, D.C. 20530

Attention: Mark Richard, Esquire  
Deputy Assistant Attorney General

Dear Mr. Weld:

I am writing to you pursuant to section 1.7(a) of Executive Order 12333 to report information concerning possible violation of federal criminal law. This matter was reported to Mr. Richard orally on 13 August. At that time Mr. Richard requested that we provide a written report. This letter constitutes that report, and contains additional information developed within the past several days.

Nine Agency employees, John Does 87-42 through 87-50, were involved in an incident concerning the sale of inverted \$1 "Americana Candleholder and Rush Lamp" stamps. A Bureau of Engraving and Printing investigation of the circumstances surrounding the printing of the stamps, and a subsequent internal Agency inquiry, developed the following information.\* On 27 March 1986, John Doe 87-47, a [REDACTED] supervisor, arranged for the use of Agency funds for the purchase of ninety-five of the \$1 stamps at the McLean, Virginia Post Office Sub-station on Spring Hill Road. On 31 March, John Doe 87-45 noticed that some of the (b) (3)

\* Although the incident took place in the spring of 1986, the Agency first became aware of it in April of 1987, when the Bureau of Engraving and Printing, Department of the Treasury, consulted with the Agency regarding a Freedom of Information Act request for documents related to the Bureau's investigation. These documents contained the names and affiliations of two Agency employees. The Agency's internal inquiry was completed in early August, 1987, and the Department was notified orally, as noted above, shortly thereafter.

(b) (3)

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printing on the stamps was inverted. John Doe 87-47 then took possession of the eighty-six remaining stamps (nine having been used on Agency mailings) and replaced them with eighty-six new normal stamps purchased with employees' personal funds. John Does 87-49 and 87-42 took the eighty-six inverted stamps to a stamp dealer in Annandale, Virginia, who referred them to a New Jersey dealer. John Does 87-49 and 87-42 subsequently traveled to New Jersey, where they sold the eighty-six stamps for \$25,000. A separate check for \$2,777.77 was made out to each of the nine employees.

As a result of the Agency's internal inquiry and its conclusion that the employees had violated the Agency's Code of Conduct, Agency management determined that disciplinary action should be taken. John Doe 87-47 was suspended for three days without pay; John Does 87-42 and 87-49 were each suspended for one day without pay; the remaining six employees received verbal reprimands.

Publicity about the incident during the week of 31 August included the suggestion that the individuals who sold the eighty-six inverted stamps may have retained additional stamps, and the Agency reopened its internal inquiry on this issue. It was determined that the nine stamps previously believed to have been used on Agency mailings had in fact been retained by the nine employees, each employee having retained one stamp. Two of these stamps have now been returned to the Agency; five of the employees have agreed to return the stamps they retained; one employee has deferred until after speaking with his attorney; one employee has stated that his stamp has been misplaced, but that he will conduct a search.

In light of these late developments concerning the disposition of the nine stamps, I anticipate that Agency management may want to take further disciplinary action against John Does 87-42 through 87-50 in the near future. I would be pleased to consult with you concerning contemplated Government action regarding this matter. [ ] should be contacted directly [ ] if you require further information.

Sincerely,

David P. Doherty  
General Counsel

[ ]  
Associate Deputy General Counsel